

Statement of (b) (7)(C), (b) (6)

**Before the Subcommittee on Regulatory Affairs, Stimulus Oversight and
Government Spending, United States House of Representatives Committee on
Oversight and Government Reform**

July 18, 2012

Good morning Mr. Chairman, Ranking Member (b) (7)(C), and members of the Subcommittee. My name is (b) (7)(C). From January 2010 until June 2012, I worked for Abound Solar, first as (b) (6), (b) (7)(C) and then as (b) (6), (b) (7)(C) Abound, as you know, filed for bankruptcy on July 2, 2012. On June 28, 2012, when we suspended our operations, I also resigned as (b) (6), (b) (7)(C). Declaring bankruptcy was extremely disappointing for all of us who cared deeply about Abound, and who had invested our time, money, and effort into trying to make the company a success. The Department of Energy was our partner in that effort, and I am personally disappointed that the company was not able to provide the DOE with a positive return on its investment. I appreciate the opportunity to appear this morning and speak to you about my time at Abound.

I came to Abound after spending nearly (b) (6), (b) (7)(C) a \$2.4 billion global leader in the power sports industry. During (b) (6), (b) (7)(C) we successfully introduced more than 150 new products and tripled the value of the company. (b) (6), (b) (7)(C) in a variety of engineering and (b) (6), (b) (7)(C) positions. All together I have spent nearly 30 years running and supporting American manufacturing operations of technology based companies.

The opportunity to join Abound was unique and exciting. The company was involved in the cutting edge of solar energy innovation, and had a proprietary manufacturing technology that has the potential to significantly reduce the cost of solar power. The culture at the company was

also infectious -- people were excited to do something that mattered for the country. I believed in the technology -- and, more importantly, the outstanding people that the company had at all levels -- enough to both make a professional commitment and a personal financial investment in the business.

It is my view that, to be successful, any solar company needs two things -- winning technology and the scale necessary to drive to down cost. At Abound, that meant the company needed to develop and execute an aggressive growth plan that would enable it to quickly develop its products at a large scale.

Most of the capital that Abound raised to fund this plan was equity financing raised from professional investors. Indeed, in addition to obtaining a loan from the DOE, we raised approximately \$300 million of equity. I can assure you that with every round of equity financing, informed outsiders conducted their own independent analysis of the current state of company in an effort to ensure that they would receive a good return on their investment. Many times teams of investors and engineers met Abound's people and went through the plant, the patents, the manufacturing process, and the financial plans. Ultimately these seasoned professionals made the decision that investing in this company was a good bet.

The DOE's review of the Abound loan application was well under way when I joined the company in January 2010. During my time with the company, there were many inquiries, visits, data requests, and technical and financial evaluations. The company prepared and revised detailed financial models and answered hundreds of questions. In the end, it took nearly two years to complete the application and approval process for the Abound DOE loan, which closed in December 2010. Although the total DOE loan amount was for \$400 million, Abound only

drew down about \$70 million, which was to be used for the construction of the manufacturing lines in Colorado. The company stopped drawing down DOE funds entirely in the third quarter of 2011.

Any investment in a new business carries risk. Some may ask why Abound ultimately succumbed to that risk, even with approximately \$300 million in private investment and \$70 million from the DOE. In my view, the single most important reason was that there was a very abrupt and major change in the market for solar panels, which reduced the selling price of Abound's products and made it extremely difficult for an early stage company like Abound to scale in those changed market conditions.

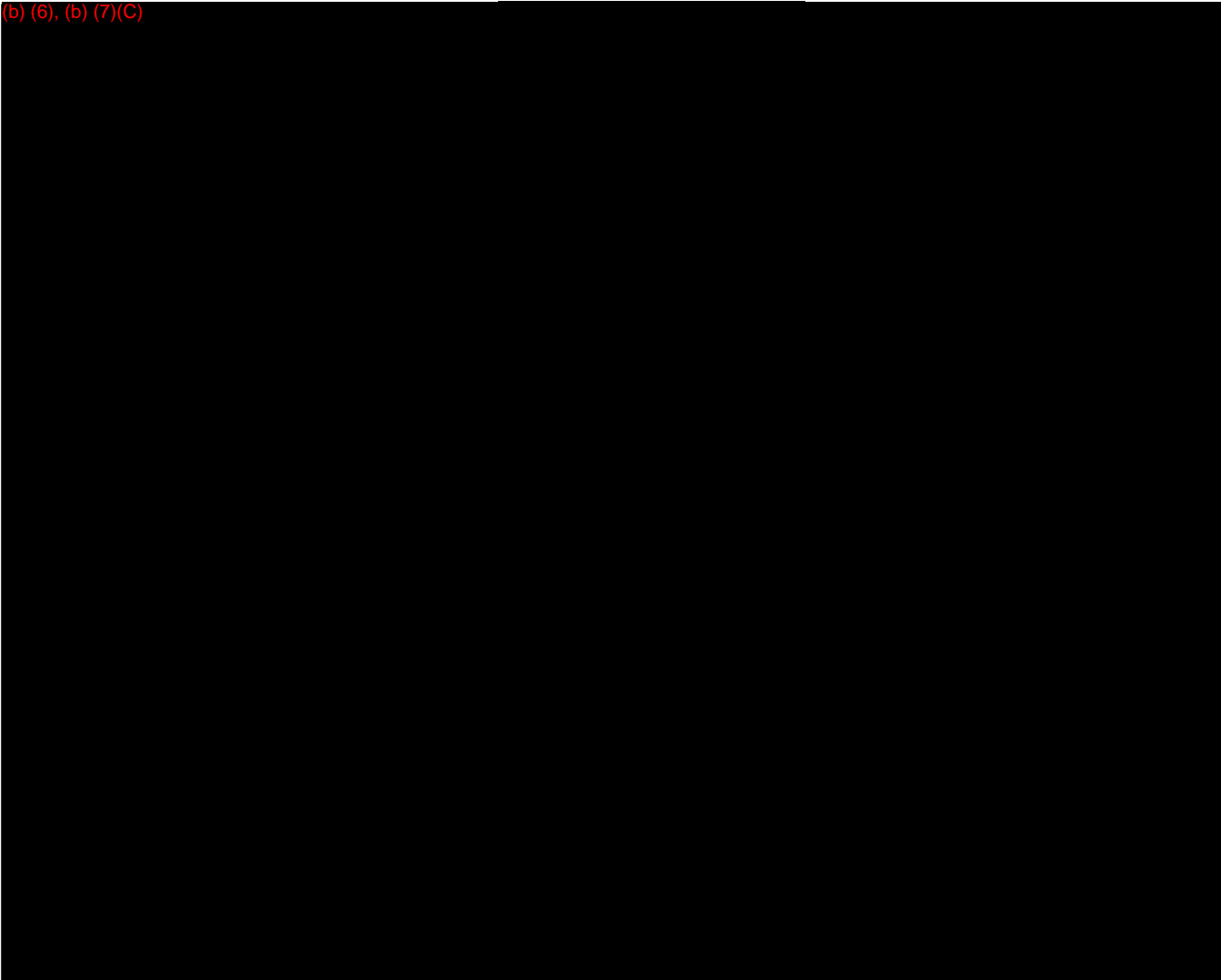
Over the past twenty five years or so, the solar market has grown rapidly and consistently, with a considerable acceleration in 2009 and 2010. Things changed when the Chinese government reportedly provided approximately \$35B in subsidies to the major Chinese solar producers. These investments resulted in substantially more production capacity than could possibly be absorbed by the market. The price of solar panels fell dramatically, by more than 50% in just over one year. Such a severe market change made it difficult for Abound and others to survive.

No one is more disappointed than I am that Abound was not successful. I am saddened by this result for the nearly 400 employees who made such a tremendous contribution to the company, the investors who invested hundreds of millions of dollars, the communities that supported and believed in Abound's vision, the suppliers who partnered with the company at every stage, and the customers who trusted the company to provide a long term energy solution.

I appreciate the chance that the private investors and the DOE took when they chose to support the company and its role in the future of American renewable energy technology. Unfortunately, we were not able to succeed.

With that overview, I'm happy to answer any questions that the members of the Subcommittee may have.

(b) (6), (b) (7)(C)



Committee on Oversight and Government Reform
Witness Disclosure Requirement - "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name.

(b) (7)(C), (b) (6)

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

None.

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

Not applicable.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2009, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

Not applicable.

I certify that the above information is true and correct.

Signature:

(b) (7)(C), (b) (6)

Date.

July 10, 2012